

EXECUTIVE OFFICE OF THE PRESIDENT  
BUREAU OF THE BUDGET  
WASHINGTON 25, D.C.

MAY 23 1963

Honorable John A. McCone  
Director, Central Intelligence  
Agency  
Washington 25, D. C.

Attention: Mr. John S. Warner  
2430 E Street, N. W.

Dear Mr. McCone:

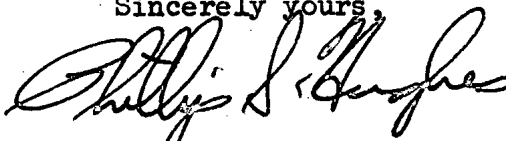
The Bureau intends again to propose legislation to restate and clarify the existing authority which permits the rental of Government quarters and the providing of other related services to its personnel. The proposal is primarily in the nature of perfecting legislation.

A virtually identical proposal, Senate Bill 3486, was favorably reported by the Senate Committee on Government Operations in Report No. 1570, and passed in the Senate on June 14, 1960. The bill was not acted upon by the House in that Congress. In the 87th Congress, that same proposal, as H.R. 7021, was reported by the Committee on Post Office and Civil Service in Report No. 856, and passed in the House on August 21, 1961. The Senate Committee had not reported its identical bill, S. 797, at the time of adjournment.

The current version has been changed in one important respect. The Comptroller General had indicated that the earlier version would upset present practice in most instances of retaining proceeds of rentals and other services in appropriations or other funds. The change is intended to permit present practice to continue.

Since earlier versions of the bill received the usual prior circulation among the agencies, this version is not being circulated in the expectation of gaining a repetition of earlier comments, but largely as a matter of information. However, if there should be a particular need for comment in your present view, please do so. We plan to transmit the bill in the very near future.

Sincerely yours,



Phillip S. Hughes  
Assistant Director for  
Legislative Reference

Enclosures:

1. Draft of Bill
2. Statement of Background  
and Purpose

A BILL

To authorize Government agencies to provide quarters, household furniture and equipment, utilities, subsistence, and laundry service to civilian officers and employees of the United States, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the head of each department, independent establishment, and Government corporation may, under such regulation as the President may prescribe and where conditions of employment or availability of quarters warrant it, provide, either directly or by contract, civilian officers and employees stationed in the United States, its territories and possessions, and the Commonwealth of Puerto Rico, with quarters (Government owned or leased), household furniture and equipment, utilities, subsistence, and laundry service.

Sec. 2. Rental rates for any Government owned or leased quarters provided under authority of section 1 of this Act, or occupied on a rental basis under authority of any other provision of law, and charges for any furniture and equipment, utilities, subsistence, and laundry service made available in connection with the occupancy of such quarters, shall be based on the reasonable value thereof to the officer, employee, or member of the uniformed services concerned, in the circumstances under which furnished. Such rates and charges shall be determined in accordance with such regulations as the President may prescribe, and the amounts thereof shall be paid by or deducted from the salary of such officer, employee, or member of the uniformed services, or otherwise

charged against them: Provided, That the amounts of any payroll deductions for such charges shall remain in the applicable appropriation or fund, but whenever payments are made by any other method the amounts shall be credited to miscellaneous receipts of the Treasury or to such appropriation or fund as may be otherwise provided by law.

Sec. 3. Whenever, as an incidental service in support of a Government program, any Government owned or leased quarters, and any related furniture and equipment, utilities, subsistence, and laundry service are provided, under specific Government direction, to any person who is not an officer or employee of the Government or a member of the uniformed services, the rates and charges therefor, which shall be paid or otherwise credited to the Government, shall be determined in accordance with section 2 of this Act: Provided, That the amounts of any such charges shall be credited to miscellaneous receipts of the Treasury or to such appropriation or fund as may be otherwise provided by law.

Sec. 4. No civilian officer, employee, or member of the uniformed services, shall be required to occupy Government owned or leased rental quarters unless the head of the agency concerned shall determine that necessary service cannot be rendered or property of the United States cannot be adequately protected otherwise.

Sec. 5. Section 2 of this Act shall not be construed as repealing or modifying any provision of law which may authorize the provision, without charge or at specified rates, of any of the items enumerated in section 1 of this Act, to any specific civilian officer or employee,

or to any class of such officers or employees, or to such officers or employees under emergency conditions or to members of the uniformed services.

Sec. 6. Section 3 of the Act of March 5, 1928 (45 Stat. 193 (5 U.S.C. 75a)), is repealed.

## BACKGROUND AND PURPOSE OF PROPOSED BILL

"To authorize Government agencies to provide quarters, household furniture and equipment, utilities, subsistence and laundry services to civilian officers and employees of the United States, and for other purposes."

The purpose of the proposed bill is to restate and clarify existing statutory authority and regulations which authorize the providing by the Government of rental quarters and certain related services for its personnel. It is primarily in the nature of perfecting legislation, intended to provide a basis for the uniform application of regulations governing rental quarters and related services, to state legislative intent against forced occupancy of Government housing, and to clarify authority to establish rates for the use of such housing and services in cases not now clearly stated in law. The bill would not authorize any new construction or other acquisition of quarters; nor is it expected to result either in additional costs or in savings.

Specifically, the bill would:

- (a) restate existing authority to provide rental housing for civilian employees of the Government;
- (b) reinstate a statutory barrier against forced occupancy of Government rental housing such as was carried for some years in appropriation acts;
- (c) authorize the President to issue regulations for more equitable application of the laws relating to rental quarters and related services; and
- (d) clarify the applicability of the laws in certain cases not now clearly covered, such as rent for contractors' employees and members of the uniformed services who occupy rental housing.

The authority now contained in the Act of March 5, 1928 (5 U.S.C. 75a), to provide quarters, household furniture and equipment, utilities, subsistence, and laundry service for civilian employees, would be continued in the provisions of the bill, but with further restatement and clarification. Section 3 of the Act of March 5, 1928 (5 U.S.C. 75a), is the only existing law of general application to civilian employees which authorizes the government to provide quarters and to fix rents. It reads as follows:

"The head of an executive department or independent establishment, where, in his judgment, conditions of employment require it, may continue to furnish civilians employed in the field service with quarters, heat, light, household equipment, subsistence, and laundry service; and appropriations of the character used before March 5, 1928, for such purposes are made available therefor: Provided, that the reasonable value of such allowances shall be determined and considered as part of the compensation in fixing the salary rate of such civilians."

That part of the section which establishes "reasonable value" as the basis for rentals and charges for related services has been adopted as the governing principle in efforts to administer the law, and would be preserved and extended

in the proposed bill. That portion which requires the value of allowances to be considered in fixing salary rates has become obsolete inasmuch as the present compensation laws rest upon the premise that salary and wages are determined solely upon the basis of work performed. In practice, and of necessity in adapting the more recent compensation concept, salaries and wages are determined apart from considerations of quarters and services that may be provided, while the reasonable rate of rentals and service charges are deducted from the employee's pay, or paid in cash. The proposed legislation would remove this conflict.

Since 1928, several other laws have been enacted which authorize rental of quarters in specified kinds of cases. The Act of July 2, 1945, as amended (37 U.S.C. 111a), authorized the occupancy of certain quarters, on a rental basis, by members of the uniformed services who are authorized to continue to receive their basic allowances for quarters. The law did not specify how the rental rates were to be determined, in these cases, nor did subsequent law specify how rental rates were to be determined for authorized occupancy of Capehart housing by civilian personnel or of Wherry housing by civilian and military personnel. (Sections 404(f) and 405 of the Act of August 11, 1955, as amended (42 U.S.C. 1594a(f) and 1594b)). The draft bill would provide a basis for determination of uniform rental rates in these cases and in all other similar cases.

For a number of years the Congress wrote into annual appropriation acts a prohibition against requiring employees to occupy Government rental quarters, unless the head of the agency determined that necessary service could not be rendered or property of the United States could not be adequately protected. This guarantees against the impingement of the rights of employees as individuals. The provision has not been proposed in appropriation language for several years in recognition of the need for permanent legislation to accomplish the purpose. The proposed bill will accomplish this.

To the extent possible under present law, the Bureau of the Budget has promulgated regulations intended to provide a basis for determination of "reasonable value" for rentals and service charges. The proposed bill would provide statutory authority for regulations similar to that dealing with employee allowances and benefits, such as the Travel Expense Act of 1949, as amended (5 U.S.C. 835-842), and the Government Employees Training Act (5 U.S.C. 2301 et seq.).

It is, in some instances, to the advantage of the Government to make available rental housing and other services to employees of its contractors, but there is no clear statutory basis for determining the rental rates or service charges. The proposed bill would provide that such rates be established under the same system of regulations as the President is authorized to issue for facilities and services made available to Government employees.

While the bill would reform and restate the authority to provide rental quarters and related services and to establish uniformity in determining rates, it leaves undisturbed those determinations in previous law relating to providing of public quarters to the uniformed services or those governing provision of quarters in foreign countries. It also preserves any existing exemptions

from the reasonable value rule that may now be specified in law, and continues an exemption in the event of occupancy required by disasters and other such emergencies.

Except where specific law may permit or require otherwise, it has long been the practice generally to retain the salary deductions of employees in appropriations from which salaries are paid where the amounts may be used for the maintenance of the housing or to defray the expense of providing services. In some few instances where specific appropriations or other funds are designated for housing maintenance, deductions are deposited to the credit of those appropriations or funds, rather than retained in the appropriation for salaries. Collections, other than by salary deductions, are ordinarily credited to miscellaneous receipts of the Treasury, except where provisions of law may determine otherwise. The proposed bill includes language intended to continue present practice and to allow it to be applied in future similar instances.

**ROUTING AND RECORD SHEET**

**SUBJECT:** (Optional) Re: Correspondence from the Bureau of the Budget concerning legislation to provide quarters, household furniture, subsistence, etc., to civilian employees stationed in the United States.

**FROM:**Chief, Administrative Staff, OL  
Room 1326 Quarters Eye Building**NO.****DATE**

3 June 1963

**TO:** (Officer designation, room number, and building)**DATE**

RECEIVED

FORWARDED

**OFFICER'S  
INITIALS****COMMENTS** (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. OGC

STAT:tn:

Room 7D-01 Headquarters Bldg.

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This confirms our telephone conversation of 3 June 1963 in which we informed you that the Office of Logistics has no comments to make on the attached subject legislation

JSW

GC

for action.

OL 3 3435a